

HOUSE BILL No. 1395

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-24.

Synopsis: Headquarters relocation tax credit. Provides that a business that relocates its corporate headquarters to a location in Indiana is entitled to a credit against its state tax liability equal to 50% of the amount of the relocation costs incurred relocating the headquarters. Allocates the credit to the taxpayer over a period of ten years.

Effective: January 1, 2003.

Turner, Bosma

January 15, 2002, read first time and referred to Committee on Ways and Means.

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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

HOUSE BILL No. 1395

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2003]:

4 **Chapter 24. Headquarters Relocation Tax Credit**

5 **Sec. 1. As used in this chapter, "corporate headquarters" means**
6 **the building or buildings where:**

7 (1) the principal offices of the principal executive officers of
8 an eligible business are located; and

9 (2) at least two hundred fifty (250) employees are employed.

10 **Sec. 2. As used in this chapter, "eligible business" means a**
11 **business that:**

12 (1) is engaged in either interstate or intrastate commerce;

13 (2) maintains a corporate headquarters in a state other than
14 Indiana as of January 1, 2003;

15 (3) had annual worldwide revenues of at least twenty-five
16 billion dollars (\$25,000,000,000) for the year immediately
17 preceding the business's application for a tax credit under



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section 12 of this chapter; and

(4) is prepared to commit contractually to relocating its corporate headquarters to Indiana.

Sec. 3. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 4. As used in this chapter, "qualifying project" means the relocation of the corporate headquarters of an eligible business from a location outside Indiana to a location in Indiana.

Sec. 5. As used in this chapter, "relocation costs" means the reasonable and necessary expenses incurred by an eligible business for a qualifying project. The term includes:

(1) moving costs and related expenses;

(2) the purchase of new or replacement equipment;

(3) capital investment costs; and

(4) property assembly and development costs, including:

(A) the purchase, lease, or construction of buildings and land;

(B) infrastructure improvements; and

(C) site development costs.

The term does not include any costs that do not directly result from the relocation of the business to a location in Indiana.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-2.5 (state gross retail and use tax);

(3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(4) IC 6-3-8 (the supplemental corporate net income tax);

(5) IC 6-5-10 (the bank tax);

(6) IC 6-5-11 (the savings and loan association tax);

(7) IC 6-5.5 (the financial institutions tax); and

(8) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 8. A taxpayer that:

(1) is an eligible business;

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1 (2) completes a qualifying project; and
 2 (3) incurs relocation costs;
 3 is entitled to a credit against the person's state tax liability for the
 4 taxable year in which the relocation costs are incurred. The credit
 5 allowed under this section is equal to the amount determined under
 6 section 9 of this chapter.

7 Sec. 9. (a) Subject to subsection (b), the amount of the credit to
 8 which a taxpayer is entitled under section 8 of this chapter equals
 9 the product of:

- 10 (1) fifty percent (50%); multiplied by
 11 (2) the amount of the taxpayer's relocation costs in the taxable
 12 year.

13 (b) The credit to which a taxpayer is entitled under section 8 of
 14 this chapter may not reduce the taxpayer's state tax liability below
 15 the amount of the taxpayer's state tax liability in the taxable year
 16 immediately preceding the taxable year in which the taxpayer first
 17 incurred relocation costs.

18 Sec. 10. If a pass through entity is entitled to a credit under
 19 section 8 of this chapter but does not have state tax liability against
 20 which the tax credit may be applied, a shareholder, partner, or
 21 member of the pass through entity is entitled to a tax credit equal
 22 to:

- 23 (1) the tax credit determined for the pass through entity for
 24 the taxable year; multiplied by
 25 (2) the percentage of the pass through entity's distributive
 26 income to which the shareholder, partner, or member is
 27 entitled.

28 Sec. 11. The total value of a tax credit under this chapter shall
 29 be divided equally over ten (10) years, beginning with the year in
 30 which the credit is granted. If the amount of credit provided under
 31 this chapter for a taxpayer in a taxable year exceeds the taxpayer's
 32 state tax liability for that taxable year, the taxpayer may carry the
 33 excess over to subsequent taxable years. The amount of the credit
 34 carryover from a taxable year shall be reduced to the extent that
 35 the carryover is used by the taxpayer to obtain a credit under this
 36 chapter for any subsequent taxable year.

37 Sec. 12. To receive the credit provided by this chapter, a
 38 taxpayer must claim the credit on the taxpayer's state tax return
 39 or returns in the manner prescribed by the department. The
 40 taxpayer shall submit to the department proof of the taxpayer's
 41 relocation costs and all information that the department
 42 determines is necessary for the calculation of the credit provided



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1 by this chapter.

2 **Sec. 13. In determining whether an expense of the eligible**
3 **business directly resulted from the relocation of the business, the**
4 **department shall consider whether the expense would likely have**
5 **been incurred by the eligible business if the business had not**
6 **relocated from its original location.**

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